canadexport on-line

MARKET STUDIES

The Agri-food industry in India

Food grains

Fall drought in the states of Rajasthan, Gujarat and Madhya Pradesh, combined with heavy flooding in West Bengal, has lowered the production of Kharif, India's summer crop, by approximately 1.5 million metric tonnes (mmt). Last year's production was 103.9 mmt. Poor weather is also threatening Rabi, the winter crop. Wheat, the major Rabi crop, needs adequate moisture and low temperatures to thrive, conditions that have failed to emerge this season. After several years of bumper crops, this year's reduced rainfall, both during and after the monsoons, combined with a delayed winter, has reduced the area planted with wheat. As of November 10, the total area planted was only 20,000 hectares, down from 46,000 hectares for the same period last year. Normal coverage for wheat is about 26.6 million hectares.

To dispose of the huge surplus that has accumulated over the past few years following the removal of import restrictions on wheat, the Government of India has decided to export wheat at an f.o.b. rate of US$91.21 per metric tonne. Three public corporations -- STC, MMTC and PEC -- have been asked to explore export markets for wheat at this minimum "floor price". So far, these three organizations together have finalized export contracts to sell approximately 650,000 metric tonnes of wheat to various destinations in the Middle East, Bangladesh and Southeast Asia.

Sugar

To dispose of India's excess stocks of sugar, one million tonnes will be exported during 2000-2001.

Edible Oils

India expects to import approximately 4.2 million tonnes of edible oils this year, an increase from last year.

In order to protect the domestic industry from low international prices, the government has hiked the import duties on all edible oils. The rates in effect are:

- RBD (Refined, Bleached, De-dummed.) palmolein and palmolein oil -- 65%
- Ground nut, sunflower, rapeseed mustard and soyabean oil -- Refined 45%; Crude 35%
- Crude palm oil (used for manufacturing vanaspati ghee) -- 25%
- Palm oil used for other than vanaspati -- 55%

Dairy

The National Dairy Development Board (NDDB) has signed an MOU with the Zambian government to increase co-operation in dairy science and technology. Joint activities will take place in the areas of milk production, procurement, processing, marketing, biotechnology, and the management of dairy co-operatives.

Food processing

Since approximately US$11.3 billion worth of food produced in India is wasted each year, there is a growing demand for food processing. Results of marketing research done by KSA Technopak indicate that the processed-food market in India is increasing at a rate of 40% each year, with the current market size estimated to be approximately US$350 million. With this in mind, the UP State Industrial Development Corporation has partnered with Wise Infrastructure Ltd., a private company, to develop India's first "food park", a 112-acre industrial park devoted exclusively to the food processing industry, featuring a 4,000-tonne cold storage area and a 6,000-square foot grading and packaging unit.

McKinsey & Company, a firm specializing in global investment strategies, estimates investment potential in this industry is worth US$16 billion. The Indian government is considering a 10-year tax "holiday" for investors in this important sector.

Biotechnology

The government has approved a US$10.8 million project for rice genome sequencing, a joint project by the Department of Biotechnology and the Indian Council for Agricultural Research. The primary objective over the next five years will be the sequencing of 10 Mb (molecular base) segments of the rice chromosome 11.

Two states -- Madhya Pradesh and Maharashtra -- have been given the green light by the Genetic Engineering Approval Committee to begin large-scale field trials of transgenic Bt cotton plants. A final protocol is still in the works.

What others are doing

The **Indian government** has made it mandatory to identify food products with non-vegetarian ingredients. It has also made it mandatory for producers of bottled water to apply the ISI mark (issued by the Bureau of Indian Standards) to labels. This will apply to imported brands, such as Evian and Perrier, as well.

Leading European food retail chains **Carrefour** and **Casino**, of France, and **Ahold** of the Netherlands are planning to enter the Indian market, joining **Dairy Farm** of Hong Kong, and **Nanz** of Germany, currently the only two foreign players in India. Dairy Farm has partnered with the **RPG Group** to promote the super market chain **Foodworld**. Foodworld has taken the lead in the south, with 45 stores in five cities, claiming sales of US$35 million in 1999. Nanz, in partnership with the **Escorts** group, has eight stores in New Delhi.

The **National Potato Promotion Board of U.S.A.** is assessing the market in India for processed potatoes. The demand for large-sized potatoes (French fry variety) has risen with the spread of urban fast-food outlets. However, while India is the third-largest producer of potatoes in the world -- with an annual production of 23

million tonnes -- its per-capita consumption is a mere 24 kg. 101-03198/

The **Infrastructure Development and Finance Corporation** (IDFC) has partnered with Holland's **Rabobank International** to develop infrastructure solutions for India's agri-food industry.

Britannia Industries Ltd. (BIL), a major Indian food processing company, will soon launch its ready-to-drink lassi (yogurt drink) and instant coffee under its "Milkman" brand. BIL will also enter the bakery segment with the launch of brown bread.

Coca Cola India is changing its business strategy from being a manufacturer of carbonated soft drinks to a complete beverages company. It plans to introduce iced tea, cold coffee, milk, mineral water and a range of juices, including international and Indian brands.

Concept Foods Pvt. Ltd. of Hyderabad will co-operate with a Japanese company to introduce technology to manufacture vacuum-fried fruit chips.

Trade fairs and missions

Aahar 2001 -- New Delhi, March 2-6, 2001 -- International exhibition of food-processing machinery, agri-products, fresh fruits and vegetables, processed foods, hotel and restaurant equipment and supplies. The Canadian High Commission, New Delhi, will participate. Companies are invited to join, on a cost-sharing basis.
For further information, contact:
India Trade Promotion Organization, New Delhi
Fax: **(011-91-11) 331-8142**
Web site: **www.indiatradepromotion.com**

AGRI INTEX 2001 -- Coimbatore, August 1-5, 2001 -- Second international agricultural exhibition and conference
For further information, contact: Fax: **(011-91-42) 259-3506**
E-mail: **cointec@vsnl.com**

Globoil '2001 -- Mumbai, September 2001 -- Premier international conference and exhibition on vegetable oils, oilseeds, feed and feed ingredients
For further information, contact:
Tefla's Conferences and Events, Mumbai
Fax: **(011-91-22) 636-3366**
E-mail: **teflas@bom3.vsnl.net.in**

Foodpro 2001 -- Chennai, December 2001 -- Fourth international exhibition and conference on food processing
For further information, contact:
Confederation of Indian Industry, Chennai
Fax: **(011-91-44) 466-0312**
E-mail: **vasan@sr.cii.ernet.in**

For further information on the Indian market, contact:

R. N. Gupta
Senior Trade Advisor
Canadian High Commission, New Delhi
Tel: **(011-91-11) 687-6500**
Fax: **(011-91-11) 687-5387**

E-mail: **ram.gupta@dfait-maeci.gc.ca**

or

Alan McBride
India Trade Officer
South Asia Division (PSA)
Tel.: **(613) 944-1653**
Fax: **(613) 996-5897**
E-mail: **alan.mcbride@dfait-maeci.gc.ca**

Canadian Trade Offices in India

Canadian Consulate, Mumbai
Tel.: **(011-91-22) 287-6027-30**
Fax: **(011-91-22) 287-5514**
E-mail: **mmbai@dfait-maeci.gc.ca**

Trade Office of Canada, Bangalore
Tel.: **(011-91-80) 559-9418** or **558-1116**
Fax: **(011-91-80) 559-9424**
E-mail: **maple@blr.vsnl.net.in**

Office of the Canadian High Commission, Chandigarh
Tel.: **(011-91-17) 271-6020-24**
Fax: **(011-91-17) 271-6025**
E-mail: **chcchd@giasdl01.vsnl.net.in**

Canadian Consulate, Chennai
Tel.: **(011-91-44) 859-1402**
Fax: **(011-91-44) 852-0420**
E-mail: **cancons@md2.vsnl.net.in**

Canadian Consulate, Calcutta
Tel.: **(011-91-33) 220-8515**
Fax: **(011-91-33) 242-6828**
E-mail: **consulate.canada@gncal.global.net.in**

Top ▲

© Department of Foreign Affairs and International Trade, 2000 - All rights reserved